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April 7, 2016

The Honorable Julian Castro
Secretary
U.S. Department of Housing and Urban Development
451 7th Street, S.W.
Washington, D.C. 20410

Dear Secretary Castro,

Since the beginning of the housing market collapse, I've heard stories of hardship and unfair treatment from my constituents that shocked and sometimes profoundly upset me. As you know, my home state of Arizona has been one of the hardest hit in the country. Reckless investment banker decisions and the bad policies that enabled them have meant financial difficulties, widespread bankruptcies and sometimes homelessness for the families I and my neighbors represent. The damage done to them has not been entirely remedied – and more is being done today.

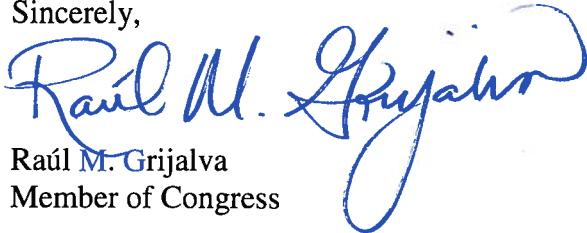
I and some of my colleagues have urged reforms and an end to the days of casino-level gambling with other peoples' livelihoods. Unfortunately, federal agencies are worsening with one hand what they seek to fix with the other. Your own Distressed Asset Stabilization Program, which was designed to help right the wrongs of the meltdown years, has been selling homes that once belonged to families like the ones I've spoken with at rock-bottom prices to the Wall Street entities that created this situation in the first place. Many of these homes were once owned by elderly retirees, people of color and other communities at greater than average risk of financial insecurity. Their lives are not improved, and their neighborhoods are not strengthened, when responsible agencies sell their former properties to investment banks.

Among many potential alternatives, I strongly recommend giving greater priority to Community Development Financial Institutions that express interest in purchasing large pools of distressed loans. These entities are better positioned – and, frankly, have more credibility – to make decisions in a community's best interest, whether helping an owner stay in a home or converting a unit to the most appropriate level of affordable housing. Your Department can and should empower these good actors wherever possible, especially when the alternative is to trust that Wall Street's first priority is now community development rather than profit maximization.

Your Department's mission is to create stable, inclusive communities and quality affordable homes for all Americans. Selling thousands of empty homes across the country to investment banks with little interest in the fate of those neighborhoods is not consistent with that mission.

You and your advisors can improve the standards of the Distressed Asset Stabilization Program before the next major round of asset sales. I urge you, on behalf of the people I represent whose lives have been damaged by the housing crisis, to open the door to greater CDFI access in purchasing distressed properties.

Sincerely,

A handwritten signature in blue ink, reading "Raúl M. Grijalva". The signature is fluid and cursive, with a large loop at the end of the last name.

Raúl M. Grijalva
Member of Congress